

EXHIBIT 74

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF OHIO
3 EASTERN DIVISION
4

5 -----) MDL No. 2804

6 IN RE NATIONAL PRESCRIPTION)

7 OPIATE LITIGATION) Case No. 17-md-2804

8)

9 This document relates to:) Hon. Dan A. Polster

10 All Cases)

11 -----) VOLUME I

12

13 HIGHLY CONFIDENTIAL

14 SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

15

16 The videotaped deposition of STEPHEN SEID,
17 called for examination, taken pursuant to the Federal
18 Rules of Civil Procedure of the United States District
19 Courts pertaining to the taking of depositions, taken
20 before JULIANA F. ZAJICEK, a Registered Professional
21 Reporter and a Certified Shorthand Reporter, at the
22 offices of Dechert LLP, Suite 3400, 35 West Wacker
23 Drive, Chicago, Illinois, on December 12, 2018, at
24 1:43 p.m.

1 Q. And what kind of experience did you have
2 going into the job with wholesalers and chains?

3 A. I had had some experience as a sales rep
4 and district manager and to some degree as a regional
5 manager calling on those accounts, dealing with those
6 accounts, actually supporting the national accounts
7 groups -- group with a couple of accounts.

8 Q. And why would you have been calling on
9 wholesalers as a -- when you were in the regional
10 manager position?

11 A. Because the national accounts group at
12 that time was heavily focused, although they had
13 responsibility for the products going into wholesalers
14 and chains, that they didn't have as much day-to-day
15 responsibilities for prescription products. So to
16 support them to a -- to some degree we would call on
17 some of those accounts.

18 Q. And did that change over time that the
19 wholesalers began to have more responsibility for
20 prescription products or to increase their
21 responsibility with respect to prescription products?

22 A. The department had more responsibility,
23 not the wholesalers.

24 Q. I see. The -- the department at Purdue?

1 A. Yes.

2 Q. So initially the department at Purdue was
3 involved with wholesalers and chains with respect to
4 over-the-counter products?

5 A. With over-the-counters primarily they had
6 responsibility for the Rx products, but they just
7 didn't spend a lot of time with them.

8 Q. And was that beginning to change before
9 you became --

10 A. It was beginning to change some, but it
11 changed dramatically when I took the position.

12 Q. And -- and why did it change dramatically,
13 apart from you taking it over, but what did -- what
14 did you do to change it?

15 A. I felt that -- the first thing I did was I
16 upped the education of my team on both business and --
17 and products and marketplace to make them more of
18 business and marketplace experts so that they could be
19 a greater resource for their accounts. I got them
20 engaged with the products from product knowledge-wise
21 even though they didn't have to spend as much time,
22 they didn't call on healthcare professionals, because
23 I felt that it was important that they knew it better
24 than they did, and I upped their level of engagement.

1 Q. Would it be fair to say that you had
2 your -- your people undergo some of the same types of
3 training about the products that the sales
4 representatives would have?

5 A. Yes.

6 Q. And how did you do that? Did they take
7 the sales training modules?

8 A. Yes, they did.

9 Q. And who was it that you had do that on
10 your team? What -- what -- how many were on your team
11 when you -- when you went in as the senior director of
12 national accounts?

13 A. There were four national account reps.

14 Q. And those national account reps had not
15 had that training previously?

16 A. They had some of it. They just didn't
17 have it to the frequency and depth they did
18 afterwards.

19 Q. Okay. And did you have those four
20 national account representatives undergo the sales
21 representative training with respect to the products
22 that they would be responsible for?

23 A. They went to similar training, not
24 necessarily the exact training, but similar training.

1 Q. And how did you do that?

2 A. Either by formal training through the
3 training department or online training modules or
4 training we would do at meetings.

5 Q. Did they have to take any quizzes or
6 become certified?

7 A. Yeah, they had to take quizzes.

8 Q. And did you -- did you grade them?

9 A. No.

10 Q. Did you know what they got on them?

11 A. Yes.

12 Q. Did everybody do okay?

13 A. Yeah, some better than others as in any
14 group, but they did -- they did fine.

15 Q. And MS Contin and OxyContin, both
16 continual release as well as immediate release were
17 part of that training?

18 MR. HOFFMAN: Object to form.

19 BY THE WITNESS:

20 A. Any product that Purdue was distributing
21 was part of the training, and if there was a new
22 product, when Butrans came out or whatever product
23 came out, Intermezzo, they were trained on it.

24 BY MS. CONROY:

1 Q. Okay. And you believe that prepared them
2 to have better interaction with their customers who
3 were the wholesalers?

4 A. Yes, I did.

5 Q. And did you have any metrics on that?
6 Could you -- could you tell whether it work -- whether
7 your idea worked?

8 A. Certainly by observation of the frequency
9 and the levels of the organizations they dealt with,
10 it looked to have impact.

11 Q. And it -- it looked to have impact because
12 they sold a lot more product to the wholesalers,
13 correct?

14 A. No, they weren't -- it wasn't about
15 selling more product, it was to be -- have a better
16 understanding of why the wholesaler carried what
17 inventory they -- they carried and how they
18 distributed it. And particularly as it related to the
19 issues related to the safe, secure distribution of the
20 product, it enabled them to get into different and
21 higher levels of the organization to the point where
22 they were a useful resource to the people in the
23 supply chain and customer service. They did things
24 that -- it was great exposure for them also. They

1 didn't just go to an office. They went to -- into
2 vaults and saw how the product was stored and how it
3 was received.

4 Q. Having them do that didn't decrease sales
5 for Purdue, did it?

6 MR. HOFFMAN: Object to form.

7 BY THE WITNESS:

8 A. No.

9 BY MS. CONROY:

10 Q. And was management supportive of this?

11 A. Yeah, yes, they were.

12 Q. And how did they -- how did management
13 learn about that? Did you -- were you reporting to
14 somebody at that time?

15 A. Yeah. Jim Lang, Russ Gasdia, Mark
16 Alphonso at various times.

17 Q. And were they supportive of you increasing
18 the training of -- of your national account
19 representatives and having them out in the field?

20 A. Yes.

21 Q. And at this time are you also taking a
22 look at what data is available to you?

23 A. I looked at -- my responsibility at that
24 time when I first came in was a commercial

1 responsibility. So sales numbers, inventory numbers,
2 inventory levels, returns, out-of-date goods, that --
3 those type of things. So the data I looked at related
4 to the business.

5 Q. Had you had any familiarity with inventory
6 numbers and levels as a regional manager?

7 A. Not much.

8 Q. So this was new for you?

9 A. Yeah, to a great degree it was new.

10 Q. And how did you acquaint yourself with
11 what was available and what you would need in order
12 to -- in order to know what the inventory numbers were
13 and to understand what the returns were, how did --
14 how did you familiarize yourself with that?

15 A. I did something that my predecessor failed
16 to do and that was to reach out to every department
17 that my folks touched and that touched my department.
18 And I spent time with -- with logistics and customer
19 service and finance and medical and regulatory and
20 anybody who touched the product and to help it get out
21 into the marketplace.

22 And the other thing I did was pack my bag
23 and go out and see my customers, because the best way
24 to find out what a customer needs and who they are is

1 to look them in the eye.

2 Q. Okay. Let's start first with reaching out
3 to the departments at Purdue.

4 And you mentioned that you went to
5 logistics. That's at Purdue?

6 A. Yes.

7 Q. That's an internal department?

8 A. Yes.

9 Q. And what could logistics tell you?

10 A. Logistics, we talked about how the product
11 was shipped, how inventory levels were developed, what
12 quotas looked like, what issues may be affected by
13 quota. Certainly as we got towards the end of the
14 year, which helped me manage inventory, how we could
15 interface with logistics and help them be more
16 efficient in shipping the product so that it was more
17 efficiently and securely received, how to help avoid
18 anything from damages to returns. So that was big
19 with logistics.

20 Q. Did logistics have a -- data or a
21 database?

22 A. I'm sure they did.

23 Q. Is that something that you were interested
24 in to -- or were you -- or did you already have that

1 data at national accounts?

2 A. I had, yeah, pretty much the data I
3 needed.

4 Q. So you didn't need to build your data, you
5 just needed to understand what was behind the data
6 that you already had access to?

7 A. Yes.

8 Q. And one way you did that was by -- by
9 going and learning about all of the items you just
10 told me about --

11 A. Yes, correct.

12 Q. -- with the logistics department?

13 A. Um-hum.

14 Q. Okay. You mentioned customer service.
15 What did you want to talk to them about?

16 A. I wanted customer service to realize that
17 national accounts wasn't their enemy and that they
18 actually could talk to us and talk to my people and
19 they could do so in a normal tone of voice. So that
20 was step one. And then how they could more
21 efficiently service our customers and how we could
22 help them do so.

23 Q. Who was -- give me the dynamic, who is
24 usually angry on this --

1 A. I didn't -- I -- well, to be honest with
2 you, I couldn't understand why anybody was angry with
3 anybody. It was -- it was literally open warfare.

4 Q. Okay.

5 A. Which I couldn't understand from the
6 minute I walked in.

7 Q. And what was -- what were they fighting
8 about?

9 A. Customer service didn't want national
10 accounts to tell them what to do and customer
11 service -- and national accounts didn't want customer
12 service to tell them what to do, and they were
13 communicating mostly in writing because they couldn't
14 be in the same room.

15 Q. Were they in the same physical building?

16 A. Yes.

17 Q. And what was customer service responsible
18 for?

19 A. They were responsible for getting orders
20 and making sure they get out and dealing with customer
21 issues, dealing with returns to a -- a great degree.

22 Q. And were they dealing with -- was customer
23 service dealing with opioids at that point?

24 A. They were dealing with all products.

1 Q. Okay. And so customer service would
2 receive an order for OxyContin from a particular
3 wholesaler, is that a possibility?

4 A. Yes.

5 Q. And you were trying to communicate with --
6 your national account representatives wanted to be --
7 you wanted them to be able to communicate with
8 customer service so they would understand if there
9 were issues with either the orders or the returns or
10 any other kind of issues that might come up?

11 A. Yeah, up until about 2010, 2009,
12 because in an electronic ordering world, Class 2s were
13 paper driven on NCR paper, probably the only place
14 left in the country that still used the NCR paper.
15 And since it was all -- everything traveled by mail,
16 efficiency in getting it done could mean out of stock
17 or in stock, so working together we facilitated making
18 that a more smooth running operation.

19 Q. Okay. And -- and you -- that was
20 something that you facilitated?

21 A. I -- I had a good partner in the director
22 of customer service.

23 Q. And who was that?

24 A. Laura Watson.

1 Q. I'm sorry?

2 A. Laura Watson.

3 Q. Oh, when we saw her name, she was one of
4 the names that you mentioned in your list that you
5 showed me this morning, correct?

6 A. Right.

7 Q. And who headed up logistics, if you
8 recall?

9 A. Jeff Zerillo, Z-e-r-i-l-l-o.

10 Q. When you were talking earlier, and we'll
11 get into this in more detail, but when you were
12 talking earlier today about red flags or alerts with
13 respect to particular shipments of opioids or whether
14 a shipment was larger than the -- than the month or
15 six months prior to that, would that data be flagged
16 by customer service or --

17 A. The system would flag it.

18 Q. And whose -- whose system was it?

19 A. It was the -- you mentioned ValueCentric
20 early on.

21 Q. Um-hum.

22 A. It was the data feed that we were getting
23 from them that was put through our order system.

24 Q. And would that be available to both

1 the retailer. So it would just look -- it would get
2 rid of this arrow here?

3 A. Yeah.

4 Q. Okay.

5 A. Yes.

6 Q. Now, let's talk about in this chart where
7 the money is going.

8 The Walgreens Corp. -- corporate orders
9 directly to Purdue corporate. Who gets billed for
10 that order? Who pays for that?

11 A. If that was the case, Walgreens would get
12 billed.

13 Q. And would it be Walgreens corporate that
14 would be billed?

15 A. Correct.

16 Q. And so this -- the -- the money would go
17 this way?

18 Oh, you can't see it at all. So the -- so
19 Walgreens -- so the bill would go from Purdue
20 corporate to Walgreens corporate, Walgreens corporate
21 would then pay the bill back to Purdue corporate?

22 A. Yes.

23 Q. Okay. When the order comes from McKesson,
24 who do you send the bill to?

1 A. McKesson.

2 Q. And then McKesson sends the money back to
3 corporate?

4 A. Correct.

5 Q. Is that correct?

6 Now, the data issues that we spoke about
7 this morning and a little bit this afternoon, you, in
8 national accounts, you are receiving daily -- I know
9 sometimes it's weekly, but you had -- you would like
10 daily information with respect to the product that
11 goes out as well as -- the product that's left the
12 wholesaler or the distribution center, as well as how
13 much product went in, that's coming to you at national
14 accounts?

15 A. Yes.

16 Q. And where is that coming from?

17 Are you getting that data from Walgreens
18 corporate or do you get the data from the Walgreens
19 distribution center?

20 A. In this scenario we would not be getting
21 data from Walgreens. The data only comes from the
22 wholesaler.

23 Q. I didn't hear the last thing.

24 Only from the wholesaler, so only from --

1 you would not get any data from Walgreens?

2 A. Right.

3 Q. And that's because of what you told me
4 they had the -- the blinded policy or blocked policy?

5 A. No, we would not be getting it at the
6 store level in this case because Walgreens ordered
7 direct. They stopped ordering direct altogether
8 after -- shortly after this slide was produced.

9 Q. Okay. If they -- when they stopped
10 ordering direct, were they then going through a
11 wholesaler --

12 A. Yes.

13 Q. -- like McKesson?

14 A. Yes.

15 Q. Which -- which wholesaler did they use?

16 MR. STANNER: Objection to form.

17 BY THE WITNESS:

18 A. AmerisourceBergen.

19 BY MS. CONROY:

20 Q. And would that mean that after -- after
21 they stopped ordering directly to corporate and they
22 were using AmerisourceBergen, would you in national
23 accounts be receiving that daily data from Ameri --
24 about the Wal -- about Walgreens from

1 AmerisourceBergen?

2 A. This was 20-- -- 2006. I don't believe we
3 were getting the data at that time.

4 Q. When do you think it started that you got
5 the data?

6 Let -- let me ask it this way. We talked
7 earlier about the suspicious order monitoring and that
8 seemed to be at the very beginning of 2007.

9 Were you getting it by 2007?

10 A. I believe it was later than that, but I
11 don't have the exact date off the top of my head. It
12 was later than that. I don't have the exact date.

13 Q. Did you have any other way of getting
14 individual store data in 2007 other than from a
15 wholesaler?

16 A. The only way we got sell out data was
17 through a wholesaler if we had an agreement in place.

18 Q. What about from IMS, did you ever use IMS
19 for this -- for some ability to see what was happening
20 at the retail level?

21 A. I did not use IMS for that.

22 Q. Up until the wholesalers were involved and
23 that data was available, did you not have -- did you
24 not have data with respect to what was being held and

1 sold out of the distribution centers?

2 MR. HOFFMAN: Object to form.

3 BY THE WITNESS:

4 A. Could you rephrase that? I'm not sure.

5 BY MS. CONROY:

6 Q. Sure.

7 A. You --

8 Q. I -- you -- when you first spoke to me
9 about this, we talked -- you talked about there being
10 paper forms back and forth and a lot of difficulty in
11 evaluating what -- what inventories were with the
12 wholesalers.

13 Do you recall that testimony?

14 A. I believe I indicated that it was
15 difficult to know what was sold out. We always knew
16 what was sold in.

17 Q. Okay. So you -- you always knew what you
18 sent to the wholesaler?

19 A. Correct.

20 Q. Is that correct?

21 And you always knew what you sent to
22 Walgreens or anyone else that had a direct contract,
23 correct?

24 A. Correct.

1 Q. What it was then difficult to determine
2 was how much went out from the wholesaler?

3 A. How much was sold.

4 Q. Okay. And at some point you had some
5 ability to collect that data?

6 A. Yes, once we had agreements in place.

7 Q. And those were the fee-for-service
8 agreements?

9 A. That is correct.

10 Q. And you did not have that data until you
11 entered into the fee-for-service agreements?

12 A. That is correct.

13 Q. And you did not use IMS for that purpose?

14 A. No.

15 Q. And once you had the fee-for-service
16 agreements in place, were you using -- were you using
17 ValueCentric at that point or was there some other
18 data company that you were using?

19 A. We were using a -- a different vendor who
20 was -- I will -- I don't remember.

21 Q. Did it have "Edge" in the name?

22 A. Oh, Edge Dynamics, thank you for that.

23 Q. Edge. Okay. So it was -- it was -- how
24 long was it Edge Dynamics?

1 A. I'm thinking about three years.

2 Q. Okay. And then it went to ValueCentric?

3 A. ValueCentric.

4 Q. Is there a difference between ValueCentric
5 and ValueTrak, or is one of them the name of the
6 product?

7 A. ValueTrak is the product.

8 Q. Do you recall when you started to use
9 ValueCentric or when you started to use Edge Dynamics,
10 so can you put any kind of a -- any kind of years on
11 it?

12 A. It is just an estimate, I think Edge was
13 2003 to 2006 and after that it was ValueCentric would
14 be my estimate.

15 Q. And it was ValueCentric until May of 2014
16 at least?

17 A. At least.

18 Q. Do you know if -- if Purdue still uses
19 ValueCentric?

20 A. I don't know.

21 Q. Let's just -- don't put that too far away
22 because I'll probably have some more questions about
23 it, but -- so, do you want a Post-It note to keep that
24 page?

1 MS. PORTER: Thank you.

2 BY MS. CONROY:

3 Q. Did you have any fee-for-service
4 agreements in place during the time that you were
5 using Edge Dynamics?

6 A. Yes.

7 Q. Do you recall who you had those in place
8 with?

9 A. I don't recall all of the accounts, but
10 certainly the may -- three major wholesalers.

11 (WHEREUPON, a certain document was
12 marked Purdue-Seid Deposition Exhibit
13 No. 007, for identification, as of
14 12/12/2018.)

15 BY MS. CONROY:

16 Q. I'll show you what I'm marking as
17 Exhibit 7. PPLPC004000247116 and 118 is the native
18 production of a "2010 National Accounts," this says
19 "Level 150."

20 Is that also a training --

21 A. Yes.

22 Q. -- training deck?

23 What's Level 150?

24 A. I think it's the second phase of new

1 hires, they were probably out in the field for a while
2 and come back.

3 Q. And this is a -- you've sent this to Janet
4 Koch on Friday, August 20th, 2010.

5 Do you see that? And then you have
6 attached the slide deck?

7 A. Um-hum. Yes.

8 Q. Okay. And this looks pretty familiar from
9 what we looked at before, we got a little bit
10 better -- the New Jersey guys are a little bit better
11 dressed this time around.

12 Then if you would turn to, there is
13 another diagram in here -- or let's -- before we do
14 that, let's look. These are numbered. Let's go to
15 Page 16. And this is 2010.

16 Is Ms. Reuss -- has she moved or is she
17 just not on this chart?

18 A. She got remarried.

19 Q. Oh, okay. So what's her last name?

20 A. Sicillano.

21 Q. Got it. Okay.

22 And now you have one analyst, is that
23 correct, instead of two?

24 A. Yes.

1 Q. Okay. And then here are your four
2 national account managers?

3 A. Yes.

4 Q. And the -- and their responsibilities?

5 A. That's correct.

6 Q. And then if you turn to the first diagram,
7 which is: "The Purdue chain drug supply chain
8 warehousing (with vault)."

9 Do you see that?

10 A. Yes.

11 Q. So this is a picture of, here in the
12 center, this is Purdue in Stamford, Connecticut,
13 correct?

14 A. Yes.

15 Q. That's the company headquarters?

16 A. Yes.

17 Q. And then take a look at the orange arrows.
18 There is an orange arrow out that says "Walgreen 222."

19 What does that mean?

20 A. That if there is a Walgreen-specific order
21 that is designated not for their warehouse but to be
22 distributed through Cardinal, it would be -- well,
23 that's really not the case.

24 What this is showing is that -- an account

1 like Walgreens that has a vault can order direct or
2 they can get product through the wholesaler.

3 Q. I -- oh, I see. Okay.

4 So on the left-hand side we have Walgreens
5 and the green arrow is a -- is a direct order?

6 A. Right.

7 Q. And on the right-hand side it's a
8 wholesaler order?

9 A. Correct.

10 Q. And then when it's a direct order, Purdue
11 is sending that order down to Purdue Pharmaceuticals
12 in Wilson, North Carolina, we've got a picture of that
13 manufacturing plant, and then the product goes out to
14 the Walgreens distribution center that has the vault,
15 correct?

16 A. Correct.

17 Q. And then it goes out to the individual
18 stores.

19 And in a direct order, would Purdue
20 national accounts in 2010 see any of the data with
21 respect to Walgreens if they had a fee-for-service
22 with Walgreens?

23 A. We would not have a fee-for-service with
24 Walgreens.

1 Q. And so you would not see -- you would not
2 see the data?

3 A. They would not see the store-level data.

4 Q. And then if we take a look on the
5 right-hand side, Cardinal Health places an order on
6 behalf of Walgreens, is that correct?

7 A. Correct.

8 Q. And then Purdue sends that order to
9 Wilson, North Carolina, the product is then sent back
10 to Cardinal Health, the distribution center that has a
11 vault, correct?

12 A. Correct.

13 Q. And then that is delivered in this big
14 arrow to the Walgreens distribution center with a
15 vault or can it go to the individual Walgreens?

16 A. Either they had -- they would do on
17 occasion overlapping.

18 Q. So --

19 A. Ultimately it was Cardinal to the stores.

20 Q. Okay. So -- so at some point you would --
21 it would go directly to the stores from Cardinal and
22 that sort of data you could see, correct?

23 A. Probably not until a couple of years after
24 this.